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MEMORANDUM

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From: Steven M. Olea 

ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

Date: November 21, 2012

Subject: STAFF REPORT ON ARIZONA PUBLIC SERVICE COMPANY FILING OF REQUEST FOR EXTENSION OF CEC TERM AND APPLICATION TO AMEND ARIZONA CORPORATION COMMISSION DECISION NO. 65997 RE CEC 120 DOCKET NO. L-00000D-02-0120-00000

On October 19, 2012, Arizona Public Service Company ("APS" or "Company") filed with the Arizona Corporation Commission ("Commission") a request for an extension of Certificate of Environmental Compatibility ("CEC") term and application to amend Decision No. 65997 (Case No. 120), ("Application").

History

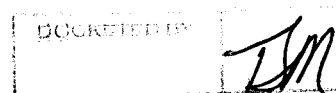
Commission Decision No. 65997 (June 18, 2003) approved a CEC for APS to build a double-circuit 230 kV transmission line between the Westwing Substation, the Raceway substation and the Pinnacle Peak substation ("CEC 120"). CEC 120 also authorized construction of two new substations – Scatter Wash (formerly Misty Willow) and Avery.

On February 20, 2007, in Decision No. 96343, the Commission authorized a new CEC approving a 500kV/230kV transmission line between the Morgan and Pinnacle Peak substations, ("CEC 131") to be built rather than the double circuit 230kV line authorized in CEC 120. APS was ordered to file an application to amend CEC 120 to make it consistent with the Commission's subsequent decision in CEC 131. The Company filed an Application to Amend Decision No. 65997, dated March 21, 2007. The March 2007 application was not acted upon and this Application is intended to supersede that filing.

In CEC 131, APS retained the right to build the double-circuit 230kV transmission line between the Westwing and Raceway substations. APS has determined that circuit is no longer needed due to the addition of the Morgan to Pinnacle Peak 500kV/230kV line, as well as other changes in the transmission system, infrastructure and development near the Westwing and Raceway Substations. The Company would, however, like to retain the right to build the Scatter Wash and Avery Substations.

Arizona Corporation Commission
DOCKETED

NOV 21 2012



Application

In the October 19, 2012 Application, APS has requested the Commission (i) extend the term of CEC 120 to allow APS ten more years to build its Scatter Wash and Avery substations, (ii) cancel that portion of CEC 120 approving a double-circuit 230kV transmission line between the Westwing, Raceway, and Pinnacle Peak substations as that line is no longer needed, and (iii) delete Condition 23 from CEC 120¹. In addition, APS gives the Commission notice of its plan to move the Scatter Wash substation to the north side of the transmission corridor and to use a modified structure that was not contemplated or needed when CEC 120 was approved.

Staff feels that for compliance purposes APS has fulfilled its obligation to meet the Commission's requirements in CEC 131 in an appropriate manner. CEC 120 approved a double circuit 230 kV line that follows substantial portions of the same route as the line approved in CEC 131. As was noted as a basis for requesting approval of the 500kV/230 kV transmission line in CEC 131, a benefit to the project would be consolidation of facilities proposed within CEC 120². More specifically, APS noted that consolidation of projects would remove the need for the double circuit 230 kV authorized by CEC 120 for those portions of the CEC 131 project that overlapped the route authorized in CEC 120. APS has stated in its Application that the portion of the 230kV line authorized in CEC 120 that was not replaced by the 500kV/230kV line authorized in CEC 131 is no longer needed.

In consideration of the substitution of project facilities approved in CEC 120 with facilities approved in CEC 131, APS' application to amend CEC 120 reasonably clarifies, for the public and parties of record to CEC 120, what authority to construct APS has requested in substitution in CEC 131. Because of the ambiguity resulting from the approval in two CECs of a net total of four transmission lines traversing the same corridor, Staff believes it would be appropriate to amend CEC 120 so as to remove authority to construct the two 230 kV lines that overlap the 500kV/230 kV line approved in CEC 131. In addition, Staff believes that in light of information provided in its Ten Year Plan³, APS's request to remove authority to construct the remainder of the double-circuit 230kV line provided for in CEC 120 is also reasonable.

With respect to APS' additional requested modification to Decision No. 65997 to extend the construction period for the CEC, Staff concludes that APS' request for authorization to complete construction of the Scatter Wash and Avery substations ten years to June 18, 2023, is reasonable. Staff agrees that while the need for the substations has been delayed by the recession, the need will be reconfirmed as new growth appears. Such extended time period for construction will allow APS to watch its load growth and establish need for the substations before starting its construction. Staff also believes that this delayed construction will not compromise transmission grid reliability.

¹ Condition 23 contains specifics regarding construction of a portion of the line contemplated in CEC 120, which was superseded by CEC 131.

² Transcript of Proceedings in Line Siting Case No. 131 Vol. I at 168, Docket No. L-00000D-06-0635-00131.

³ Arizona Public Service Company 2012-2021 Ten-Year Transmission System Plan, Docket No. E-00000D-11-0017

Finally, APS has requested the deletion of Condition 23 from the CEC approved in Decision No. 65997. The condition outlines detailed provisions for that portion of the 230kV line that crosses the planned Happy Valley Road Towne Center property located at the southeast corner of I-17 and Happy Valley Road. Because the 230kV line will not be constructed, Condition 23 no longer applies. A similar condition, (Condition 24), is included in CEC 131 for the 230kV/500kV line that is planned to replace the line authorized in CEC 120⁴. Staff concurs that Condition 23 no longer applies and that the issue is dealt with in a satisfactory manner in Condition 24 of CEC 131.

Notice of Intent to Move Scatter Wash Substation and to Use Modified Structure to Interconnect 230kV line to the Substation

When the Commission approved CEC 120, APS anticipated locating the Scatter Wash substation south of an existing double-circuit Salt River Project (“SRP”) 230kV line. On November 16, 2010, APS filed a notice informing the Commission of the need to move the Scatter Wash substation to the north of the exiting SRP 230kV line and the new 500kV/230kV line approved in CEC 131. The change will provide a cost savings to the Company and will reduce the necessary number of line crossings.

The new location of the Scatter Wash substation and the construction of the line approved in CEC 131 will require APS to use an interconnection structure that will lower the 230kV line to allow it to cross under the 500kV line that is co-located on the same transmission structure. APS has stated that the modified structure is environmentally compatible and its effects are similar to the previously approved transmission structures. All of the electric facilities, including the interconnection structures, will be located within the 1,000-foot corridor previously approved in CEC 120.

Relocating the substation and the use of the proposed interconnection structure will not negatively affect the transmission grid or the Company’s ability to serve its customers reliably. Additionally, it will reduce the number of necessary transmission line crossings, improving the safety and reliability of the project.

Conclusions

Staff, therefore, recommends that the Commission approve APS’s requested modifications to the CEC.

For the Commission’s convenience, Staff has attached a proposed Order for the Commissioners’ consideration.

⁴ Condition 24 of Decision No. 69343 states:

“24. Applicant shall coordinate construction through the Happy Valley Towne Center with the property owners to minimize impact on the retail operation of the Center.”

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

GARY PIERCE - Chairman
BOB STUMP
SANDRA D. KENNEDY
PAUL NEWMAN
BRENDA BURNS

IN THE MATTER OF THE APPLICATION
OF ARIZONA PUBLIC SERVICE
COMPANY, PURSUANT TO ARIZONA
REVISED STATUTE § 40-252, FOR AN
AMENDMENT OF ARIZONA
CORPORATION COMMISSION
DECISION NO. 65997

DOCKET NO. L-00000D-02-0120-00000

CASE NO. 120

ORDER MODIFYING DECISION NO. 65997

DECISION NO. _____

ORDER

Open Meeting
_____, 2012
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. On October 19, 2012, Arizona Public Service Company ("APS" or "Company") filed with the Arizona Corporation Commission ("Commission") a request to extend the term of its Certificate of Environmental Compatibility ("CEC") and to amend Decision No. 65997 (June 18, 2003) ("Application").

2. Decision No. 65997 approved a CEC ("CEC 120") for APS to build a double-circuit 230 kV transmission line between the Westwing Substation, the Raceway substation and the Pinnacle Peak substation. The CEC further authorized the construction of two new substations – Scatter Wash (formerly Misty Willow) and Avery.

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...

...

1 3. On February 20, 2007, the Commission approved Decision No. 96343 authorizing a
2 CEC to construct a 500kV/230kV transmission line between the Morgan and Pinnacle Peak
3 substations, ("CEC 131"). Construction of the project approved by CEC 131 would substantially
4 replace the double circuit 230kV line authorized in CEC 120. APS was ordered to file an application
5 to amend CEC 120 to make it consistent with the Commission's subsequent decision in CEC 131.
6 On March 21, 2007, the Company filed an Application to Amend Decision No. 65997. The March
7 2007 application was not acted upon and this Application is intended to supersede that filing.

8 4. In CEC 131, APS retained the right to build the double-circuit 230kV transmission
9 line between the Westwing and Raceway substations. APS has now determined that this circuit is no
10 longer needed due to the addition of the Morgan to Pinnacle Peak 500kV/230kV line, as well as other
11 changes in the transmission system, infrastructure and development near the Westwing and Raceway
12 Substations. The Company would, however, like to retain the right to build the Scatter Wash and
13 Avery Substations.

14 5. In the October 19, 2012 Application, APS has requested that the Commission (i)
15 extend the term of CEC 120 to allow APS ten more years to build its Scatter Wash and Avery
16 substations, (ii) cancel that portion of CEC 120 approving a double-circuit 230kV transmission line
17 between the Westwing, Raceway, and Pinnacle Peak substations as that line is no longer needed, and
18 (iii) delete Condition 23 from CEC 120. In addition, APS notified the Commission of its plan to
19 move the Scatter Wash substation to the north side of the transmission corridor and to use a modified
20 structure that was not contemplated or needed when CEC 120 was approved.

21 **Staff Analysis**

22 6. Staff reviewed the Application and prepared a Staff Report that was docketed on
23 November 21, 2012. In its Staff Report, Staff explained that, for compliance purposes, APS has
24 fulfilled its obligation to meet the Commission's requirements in CEC 131 in an appropriate manner.
25 CEC 120 approved a double circuit 230 kV line that follows substantial portions of the same route as
26 the line approved in CEC 131. As was noted in CEC 131, a benefit to the project would be
27 consolidation of facilities proposed within CEC 120. More specifically, APS noted that consolidation
28 of projects would remove the need for the double circuit 230 kV line authorized by CEC 120 for

1 those portions of the CEC 131 project that overlapped the route authorized in CEC 120. APS has
2 stated in its Application that the portion of the 230kV line authorized in CEC 120 that was not
3 replaced by the 500kV/230kV line authorized in CEC 131 is no longer needed.

4 7. Because of the substitution of project facilities approved in CEC 120 with facilities
5 approved in CEC 131, APS' application to amend CEC 120 clarifies, for the public and parties of
6 record to CEC 120, what authority to construct APS has requested in substitution in CEC 131.
7 Because of the ambiguity resulting from the approval of two CECs for a net total of four transmission
8 lines traversing the same corridor, Staff believes it would be appropriate to amend CEC 120 so as to
9 remove authority to construct the two 230 kV lines approved in CEC 120 that overlap the 500kV/230
10 kV line approved in CEC 131. In addition, Staff believes that, in light of information provided in
11 APS's Ten Year Plan, the Company's request to remove authority to construct the remainder of the
12 double-circuit 230kV line provided for in CEC 120 is also reasonable.

13 8. With respect to the Company's additional requested modification to Decision No.
14 65997, Staff concludes that APS's request to extend authorization to complete construction of the
15 Scatter Wash and Avery substations for ten years to June 18, 2023, is reasonable. Staff agrees that,
16 while the need for the substations has been delayed by the recession, the need will be reconfirmed as
17 new growth appears. Such an extended time period for construction will allow APS to observe its
18 load growth and establish need for the substations before starting construction. Staff also believes
19 that this delayed construction will not compromise transmission grid reliability.

20 9. Finally, APS has requested the deletion of Condition 23 from the CEC approved in
21 Decision No. 65997. The condition outlines detailed provisions for that portion of the 230kV line
22 that crosses the planned Happy Valley Road Towne Center property located at the southeast corner of
23 I-17 and Happy Valley Road. Because the 230kV line will not be constructed, Condition 23 no
24 longer applies. A similar condition, (Condition 24), is included in CEC 131 for the 230kV/500kV
25 line that is planned to replace the line authorized in CEC 120. Staff concurs that Condition 23 no
26 longer applies and that the issue is dealt with in a satisfactory manner in Condition 24 of CEC 131.

27 10. The Company has also provided notice of its intent to move the planned Scatter Wash
28 substation and to use a different transmission structure type from what was approved by CEC 120.

1 When the Commission approved CEC 120, APS anticipated locating the Scatter Wash substation
2 south of an existing double-circuit Salt River Project ("SRP") 230kV line. On November 16, 2010,
3 APS filed a notice informing the Commission of the need to move the Scatter Wash substation to the
4 north of the existing SRP 230kV line and the new 500kV/230kV line approved in CEC 131. The
5 change will provide a cost savings to the Company and will reduce the number of necessary line
6 crossings.

7 11. The new location of the Scatter Wash substation and the construction of the line
8 approved in CEC 131 will require APS to use an interconnection structure that will lower the 230kV
9 line to allow it to cross under the 500kV line that is co-located on the same transmission structure.
10 APS did not propose the desired structure before the Arizona Power Plant and Transmission Line
11 Siting Committee in the grant of CEC 120. The Company has stated that the modified structure is
12 environmentally compatible and its effects are similar to the previously approved transmission
13 structures. All of the electric facilities, including the interconnection structures, will be located
14 within the 1,000-foot corridor previously approved in CEC 120.

15 12. Relocating the substation and the use of the proposed interconnection structure will
16 not negatively affect the transmission grid or the Company's ability to serve its customers reliably.
17 Additionally, it will reduce the number of necessary line crossings, improving the safety and
18 reliability of the project.

19 13. Staff, therefore, recommends that the Commission approve the Company's requested
20 modifications.

21 CONCLUSIONS OF LAW

22 1. The Commission has jurisdiction over Arizona Public Service Company and over the
23 subject matter herein pursuant to Article XV of the Arizona Constitution and A.R.S. § 40-252 and §
24 40-360 et seq.

25 2. Notice of the proceeding has been given in the manner prescribed by law.

26 3. It is reasonable for the Commission to cancel approval of the construction of the
27 double-circuit 230 kV transmission line project between the Westwing, Raceway and Pinnacle Peak
28 substations except for the Avery and Scatter Wash substations.

4. The Commission, having reviewed the request and considered the matter, finds that it is in the public interest to amend Decision No. 65997 to extend the time to construct the project, to remove the approval to construct those portions of the project that APS has requested be removed, and to delete Condition No. 23 from the Certificate of Environmental Compatibility.

ORDER

IT IS THEREFORE ORDERED that Decision No. 65997 is modified to revise Condition No. 3(a) of the Certificate of Environmental Compatibility to state the following:

The authorization to construct the Avery and Scatter Wash substation shall expire on June 18, 2023. However, before such expiration, Applicant or its assignees may request that the Commission further extend this time limitation, provided that the facilities have been substantially constructed as of the time of such extension request. The Commission will determine what “substantial construction” is at the time of Applicant’s filing for time extension.

IT IS FURTHER ORDERED that Decision No. 65997 is modified to revise the Certificate of Environmental Compatibility to remove the authorization for Arizona Public Service Company to construct the double-circuit 230 kV transmission line project between the Westwing, Raceway, and Pinnacle Peak substations except for the Avery and Scatter Wash substations.

IT IS FURTHER ORDERED that Decision No. 65997 is modified to delete Condition No. 23 from the Certificate of Environmental Compatibility.

IT IS FURTHER ORDERED that Decision No. 65997 is modified to revise the Certificate of Environmental Compatibility to permit Arizona Public Service Company to use transmission towers consistent with the structures described in Exhibit A attached to this decision.

IT IS FURTHER ORDERED that Decision No. 65997 is modified to revise the Certificate of Environmental Compatibility to permit Arizona Public Service Company to construct the Scatter Wash substation north of the existing Salt River Project 230 kV transmission line but still within the approved corridor.

IT IS FURTHER ORDERED that all other conditions of the Certificate of Environmental Compatibility approved by Decision No. 65997 shall remain in effect.

IT IS FURTHER ORDERED that this decision shall become effective immediately.

BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION

CHAIRMAN

COMMISSIONER

COMMISSIONER

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I, ERNEST G. JOHNSON, Executive Director of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this _____ day of _____, 2012.

ERNEST G. JOHNSON
EXECUTIVE DIRECTOR

DISSENT: _____

DISSENT: _____

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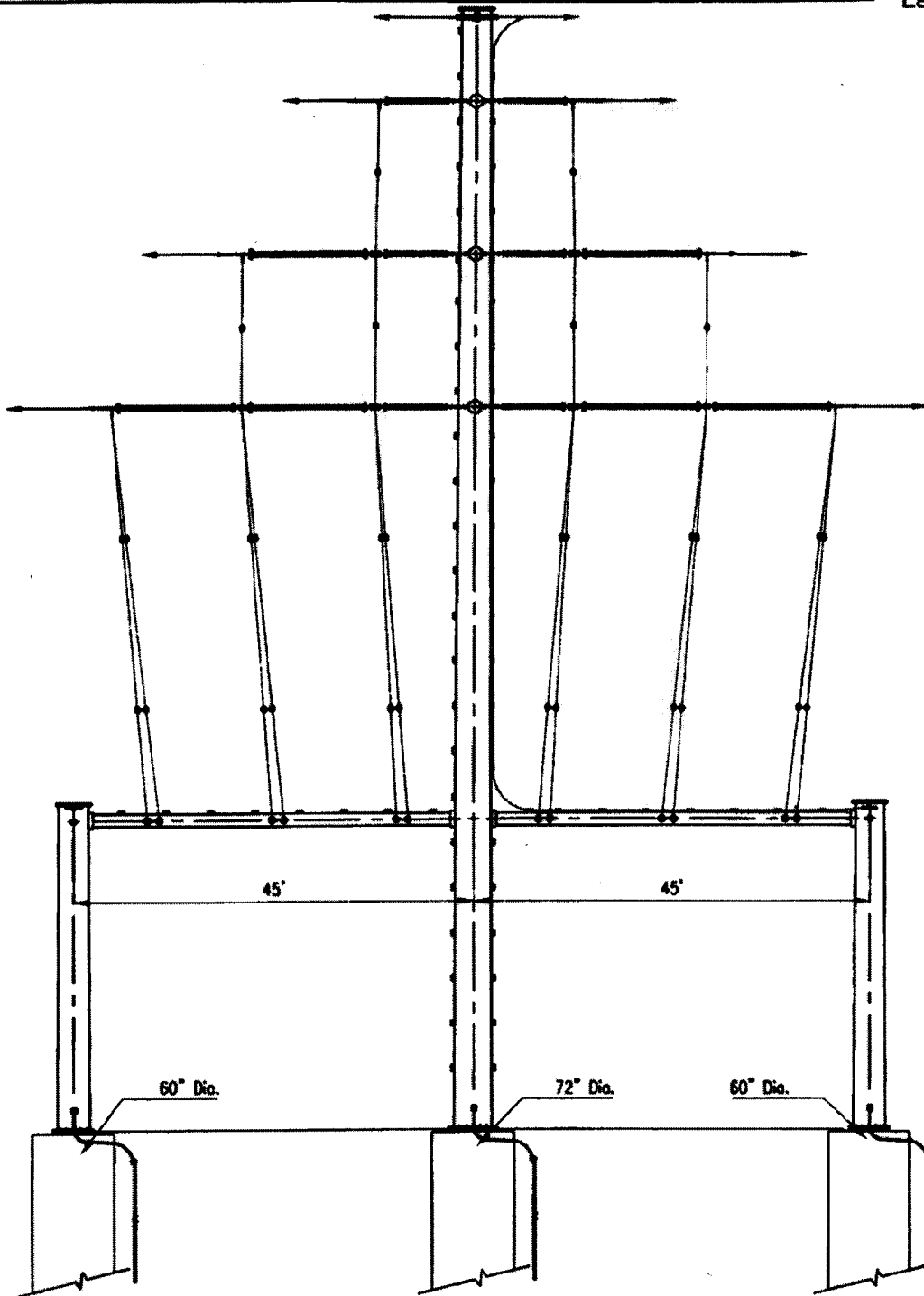
1 SERVICE LIST FOR: Arizona Public Service Company
2 DOCKET NO. L-00000D-02-0120-00000

3 John Foreman, Chairman
4 Arizona Power Plant and Transmission
5 Line Sitting Committee
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8 Phoenix, Arizona 85007

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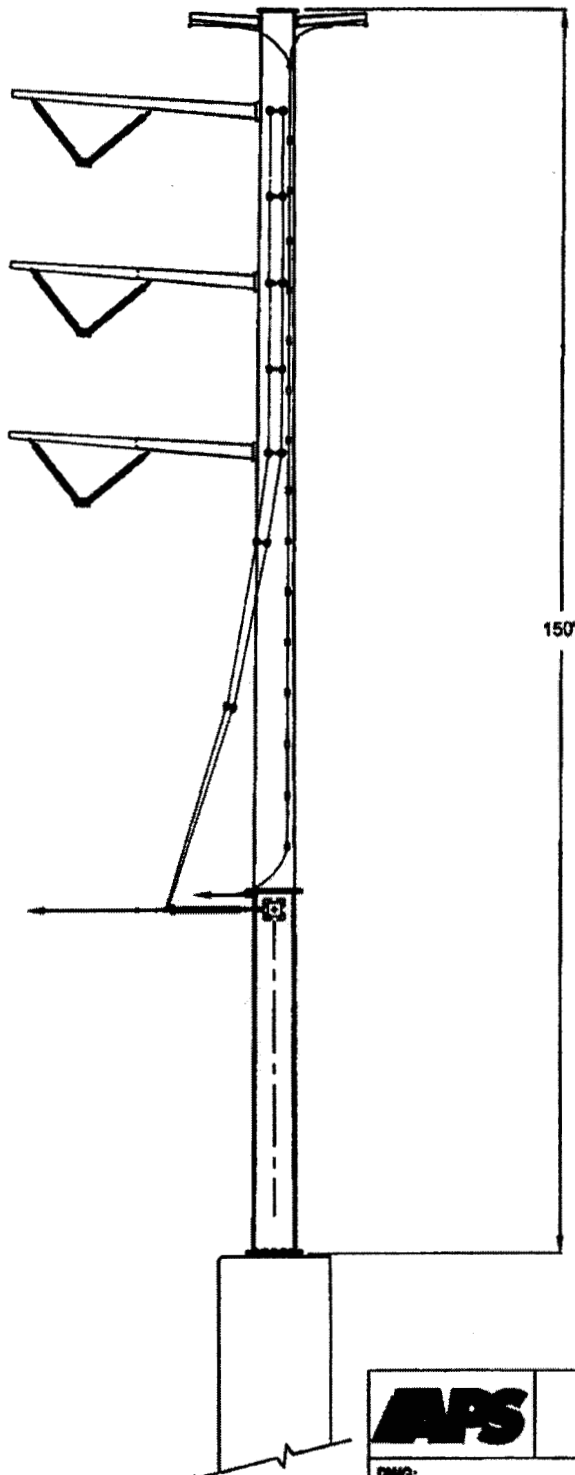
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ATTACHMENT A

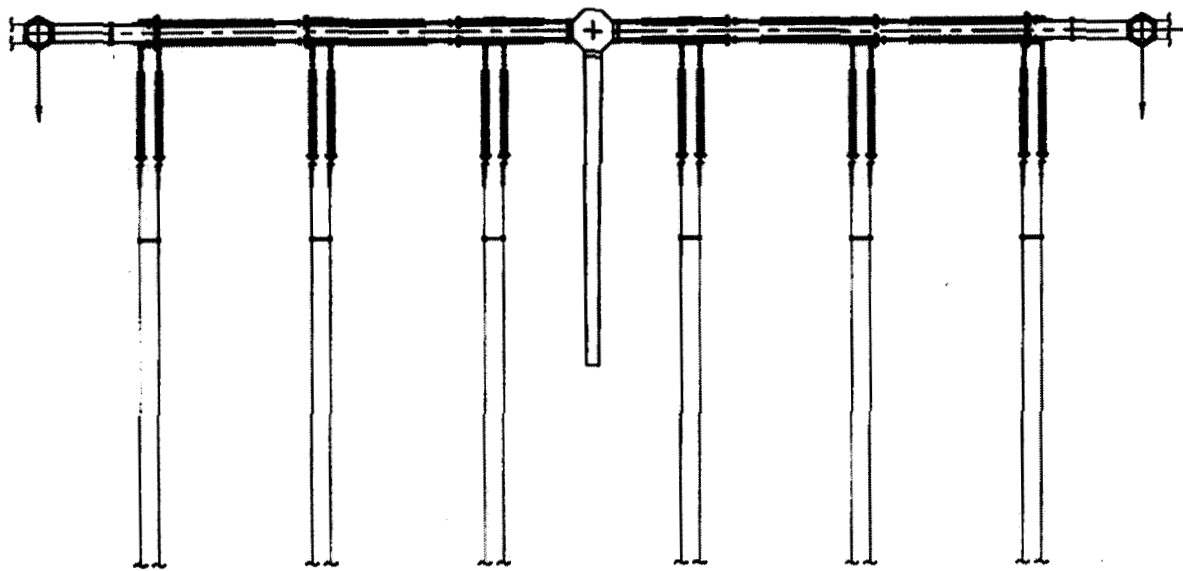


RECORD COPY

APS	APS 230KV CUT-IN TO SCATTER WASH SUBSTATION MORGAN TO PINNACLE PEAK LINE STRUCTURE 77 ASSEMBLY DRAWING	
	DWG:	
	WOR:	DATE:
	BY:	SCALE: NTS
	FILENAME:	SHEET:



DWG:		DATE:	
WOF:		SCALE:	NTS
BY:		SHEET:	
FILENAME:			



TO SCATTER WASH SUBSTATION

PLAN VIEW

APS	APS 230kV CUT-IN TO SCATTER WASH SUBSTATION	
	MORGAN TO PINNACLE PEAK LINE	
	STRUCTURE #77 ASSEMBLY DRAWING	
	DWG:	
	WOR:	DATE:
BY:	SCALE: NTS	
FILENAME:	SHEET:	

Decision No. _____